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75760, Cy. No. 6

17 November 1952

Memorandum for Mr. Dulles

Subject: NSC 136 (Iran)

1. Proposed Changes in the Present Draft:

(a) Our proposed revisions of paragraphs 2 and 3 have been circulated.

(b) Mr. [REDACTED] for DD/P, proposes that paragraph 6, 25X1A9a in the last two lines of page 6, be revised to read: "Discussions . . . should be carried on with the [REDACTED] and such other governments as may be appropriate."

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Mr. [REDACTED] feels that there is no more reason for singling out [REDACTED] in this connection than in the closely related circumstances envisaged by paragraph 5 b on the same page. This brings the wording of the two into line.

(c) In the same paragraph 6, in the second line, the words "so rapidly that no legal Iranian Government is available to request assistance" do not mesh with the revised wording of paragraph 5, omitting any reference to such a request. To make the two paragraphs cover all situations, paragraph 6 might be changed to read: "so rapidly that there is no non-communist Iranian Government exercising authority within Iran,".

2. With these exceptions, DD/P and O/NE have no comment on the draft. It is considered satisfactory as a guide to our own operations, and is consistent with existing intelligence.

3. With reference to the points related to NIE-75 and discussed by the Senior Staff or by yourself, the following notes are pertinent:

(a) On the likelihood of US companies buying oil from Iran (paragraphs 5 and 1B of NIE-75), [REDACTED] study done at Mr. Amory's direction, while not yet final, indicates strongly that no company or combination of companies of importance is likely to go after Iranian crude oil or to attempt to re-open the Abadan refinery. However, one [REDACTED] well-placed

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sources does point out that such companies as Cities Service could get the tankers and market the oil, if they were prepared to brave the displeasure of the [REDACTED] major international US companies and to ignore the precedent for expropriation. Thus, the statement in NIE-75 ("it is possible that combinations for the purchase and transport of substantial quantities of Iranian oil may be made unless there is direct and strong objection by the US government") still appears to be true.

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(b) With respect to the possibility of Soviet-Iranian commercial negotiations, there is a recent [REDACTED] report that such negotiations may be imminent. However, in the preparation of NIE-75 the IAC representatives and C/NE definitely felt that: (1) the USSR was unlikely to offer substantial concessions; (2) even if the USSR were to do so, the Iranians were unlikely to enter into any deals that would admit Soviet nationals or that would otherwise "subject Iran to Soviet domination." NIE-75 definitely states that legalization of Tudeh is unlikely (paragraph 29). In the aggregate, however, NIE-75 concludes, in paragraph 42, that the USSR has many capabilities, including the "offer of economic and financial inducements to Iran", which, taken together, "could have a seriously adverse effect on the stability and integrity of Iran and on US security interests there." This catalogue is sufficiently serious to permit the insertion of "Soviet inducements or political warfare" in the revised paragraph 3 of the draft as one of the possible factors of deterioration.

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(c) On the Kurdish question, also mentioned as a general Soviet capability, a Tahrir report received since NIE-75 indicates a high degree of excitement in Kurdistan. This is due in part to the Mossadeq land reform program and the entry of government men into Kurdistan to enforce this. Soviet clandestine propaganda is definitely contributing to the unrest. However, [REDACTED] has consulted with G-2 since this report, and G-2 still believes the situation is unlikely to deteriorate critically over the next year.

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(d) With respect to possible alternative leadership along the lines of Naghi, this was canvassed during the preparation of NIE-75 and the earlier SE-33. G-2 states that its representatives went through the entire list of moderately senior officers of the Iranian Army last summer, and found

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no individual or group appearing to possess the necessary drive and following. G-2 recognizes that such potential leaders might now be lying low, but nonetheless both G-2 and [REDACTED] feel 25X1A2g that even if there were such leaders the situation is very different from that of Egypt, because of the unpopularity of the Iranian Army and the great prestige of the National Front compared to that of Farouk.

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